

RESOLUTION NO. 23-083

RESOLUTION OF THE MENDOCINO COUNTY BOARD OF SUPERVISORS ESTABLISHING CAPITALIZATION THRESHOLDS FOR GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 87, LEASES, GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NO. 96, SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS, AND CAPITAL PROJECTS

WHEREAS, the County of Mendocino maintains uniform guidelines for classifying, valuing, and accounting for capital assets; and

WHEREAS, capital assets are defined as assets that are useful in government operations with initial individual acquisition cost of \$5,000 or more and have an estimated useful life of more than a year; and

WHEREAS, the criteria for identifying capital assets is based on useful life and a minimum monetary value or capitalization threshold; and

WHEREAS, the County of Mendocino capitalization threshold for capital assets is set at an individual acquisition cost of \$5,000 or more; and

WHEREAS, Governmental Accounting Standards Board (GASB) Statement No. 87 requires the County to capitalize leases beginning July 1, 2021; and

WHEREAS, GASB Statement No. 96 requires the County to capitalize Subscription Based Technology Arrangements (SBITA's) beginning July 1, 2022; and

WHEREAS, GASB Statement No. 87 states that capitalization policies are processes viewed as methods to operationalize materiality; and

WHEREAS, those policies allow governments to specify amounts that they consider to be significant, individually and in the aggregate; and

WHEREAS, establishing such capitalization policies is within the authority of management; and

WHEREAS, setting a capitalization threshold of \$25,000 or more for GASB 87 leases, GASB 96 SBITA's and capital projects will eliminate the need to track low-value (immaterial) items that have no material effect on the County's financial statements either individually or in the aggregate; and

WHEREAS, it is necessary to retroactively set the capitalization threshold for GASB 87 leases as of July 1, 2021 to ensure consistent accounting methods are utilized year over year; and

WHEREAS, the current capitalization threshold for capital project for the County of Mendocino is set at \$5,000; and

WHEREAS, it is necessary to increase the capitalization threshold for capital projects to \$25,000 due to current increases in construction costs, rising inflation and changes in the economic environment.

NOW, THEREFORE, BE IT RESOLVED that the Mendocino County Board of Supervisors hereby approves:

1. The capitalization threshold of \$25,000 or more for GASB 96 SBITA's effective July 1, 2022; the beginning of the current FY.
2. Retroactively setting the capitalization threshold for GASB 87 leases as of July 1, 2021; the date of implementation.
3. Increasing the capitalization threshold for capital projects from \$5,000 to \$25,000 as of July 1, 2023.

The foregoing Resolution introduced by Supervisor Williams, seconded by Supervisor Mulheren, and carried this 9th day of May, 2023, by the following vote:

AYES: Supervisors McGourty, Mulheren, Haschak, Gjerde, and Williams
NOES: None
ABSENT: None

WHEREUPON, the Chair declared said Resolution adopted and SO ORDERED.

ATTEST: DARCIE ANTLE
Clerk of the Board

GLENN MCGOURTY, Chair
Mendocino County Board of Supervisors

Deputy

I hereby certify that according to the provisions of Government Code Section 25103, delivery of this document has been made.

APPROVED AS TO FORM:
CHRISTIAN M. CURTIS
County Counsel

BY: DARCIE ANTLE
Clerk of the Board

Deputy